



General Assembly

February Session, 2010

**Amendment**

LCO No. 3430

\*SB0045203430SR0\*

Offered by:

SEN. MCKINNEY, 28<sup>th</sup> Dist.

SEN. FASANO, 34<sup>th</sup> Dist.

SEN. RORABACK, 30<sup>th</sup> Dist.

SEN. DEBICELLA, 21<sup>st</sup> Dist.

To: Subst. Senate Bill No. 452

File No. 406

Cal. No. 249

**"AN ACT REQUIRING THE DEPARTMENT OF ECONOMIC AND  
COMMUNITY DEVELOPMENT TO ESTABLISH METRICS TO  
MEASURE THE OUTREACH EFFORTS OF THE STATE'S  
ECONOMIC DEVELOPMENT ENTITIES."**

1 After the last section, add the following and renumber sections and  
2 internal references accordingly:

3 "Sec. 501. (NEW) (*Effective from passage and applicable to income or*  
4 *taxable years, as appropriate, commencing on or after January 1, 2010*) (a) As  
5 used in this section:

6 (1) "Commissioner" means the Commissioner of Economic and  
7 Community Development;

8 (2) "Income year" means the income year or taxable year, as  
9 determined under chapter 207, 208 or 229 of the general statutes, as the  
10 case may be;

11 (3) "Qualified small business" means an employer, subject to tax  
12 under chapter 207, 208 or 229 of the general statutes, who employs  
13 fewer than twenty-five employees in Connecticut on the date of its  
14 application under subsection (c) of this section;

15 (4) "New employee" means a person hired after the effective date of  
16 this section by the qualified small business during its income years  
17 commencing on or after January 1, 2010, and prior to January 1, 2013,  
18 to fill a new full-time job. A new employee does not include a person  
19 who was employed in Connecticut by a related person with respect to  
20 the qualified small business during the prior twelve months;

21 (5) "Full-time job" means a job in which an employee is required to  
22 work at least thirty-five or more hours per week. A full-time job does  
23 not include a temporary or seasonal job;

24 (6) "Related person" means (A) a corporation, limited liability  
25 company, partnership, association or trust controlled by the qualified  
26 small business, (B) an individual, corporation, limited liability  
27 company, partnership, association or trust that is in control of the  
28 qualified small business, (C) a corporation, limited liability company,  
29 partnership, association or trust controlled by an individual,  
30 corporation, limited liability company, partnership, association or trust  
31 that is in control of the qualified small business, or (D) a member of the  
32 same controlled group as the qualified small business; and

33 (7) "Control", with respect to a corporation, means ownership,  
34 directly or indirectly, of stock possessing fifty per cent or more of the  
35 total combined voting power of all classes of the stock of such  
36 corporation entitled to vote. "Control", with respect to a trust, means  
37 ownership, directly or indirectly, of fifty per cent or more of the  
38 beneficial interest in the principal or income of such trust. The  
39 ownership of stock in a corporation, of a capital or profits interest in a  
40 partnership, limited liability company or association or of a beneficial  
41 interest in a trust shall be determined in accordance with the rules for  
42 constructive ownership of stock provided in Section 267(c) of the

43 Internal Revenue Code of 1986, or any subsequent corresponding  
44 internal revenue code of the United States, as amended from time to  
45 time, other than Paragraph (3) of said Section 267(c).

46 (b) (1) There is established a qualified small business job creation tax  
47 credit program for qualified small businesses whereby a qualified  
48 small business that hires a new employee to fill a new full-time job in  
49 the state may be allowed a tax credit against the tax imposed under  
50 chapter 207, 208 or 229 of the general statutes, other than the liability  
51 imposed by section 12-707 of the general statutes.

52 (2) Except as otherwise provided in subdivision (3) of this  
53 subsection, the tax credit shall be in an amount equal to two thousand  
54 five hundred dollars for each new employee hired during the first six  
55 months of the income year of the qualified small business or one  
56 thousand two hundred fifty dollars for each new employee hired after  
57 the first six months, but prior to the last month, of the income year of  
58 the qualified small business.

59 (3) For each new employee hired during the income year of the  
60 qualified small business commencing on or after January 1, 2010, and  
61 prior to January 1, 2011, the tax credit shall be equal to two thousand  
62 five hundred dollars if the new employee is hired prior to the last  
63 month of the income year of the qualified small business.

64 (4) For each of the two successive income years after the new  
65 employee is hired, the tax credit shall be in an amount equal to two  
66 thousand five hundred dollars for each new employee employed for a  
67 full year.

68 (5) No tax credit shall be allowed for any new employee hired by a  
69 qualified small business in any income year commencing on or after  
70 January 1, 2013.

71 (6) Notwithstanding the provisions of subdivision (4) of this  
72 subsection, no qualified small business may claim a tax credit for any  
73 new employee that is not employed at the close of the income year of

74 the qualified small business.

75 (7) The qualified small business shall claim the tax credit for the  
76 income year in which the qualified small business hires a new  
77 employee and, if eligible, the two immediately succeeding income  
78 years. Any tax credit not used in an income year shall expire.

79 (c) To be eligible to claim the tax credit, a qualified small business  
80 shall apply to the commissioner in accordance with the provisions of  
81 this section before hiring each new employee. The application shall be  
82 on a form provided by the commissioner and shall contain information  
83 required by the commissioner, including the activities that the  
84 qualified small business primarily engages in, the North American  
85 Industrial Classification System code of the qualified small business,  
86 the current number of employees employed by the qualified small  
87 business as of the application date, and the name and position or job  
88 title of the new employee to be hired.

89 (d) (1) Upon receipt of an application, the commissioner shall render  
90 a decision on the application, in writing, not later than thirty days after  
91 the date of its receipt by the commissioner. If the commissioner  
92 approves the application of the qualified small business, the  
93 commissioner shall issue a certification letter indicating that the tax  
94 credit shall be available to be claimed by the qualified small business  
95 provided the qualified small business otherwise meets the  
96 requirements of this section.

97 (2) The total amount of tax credits granted under this section and  
98 under section 12-217ii of the general statutes, as amended by this act,  
99 shall not exceed ten million dollars in any one fiscal year.

100 (3) No qualified small business claiming the tax credit under this  
101 section with respect to a new employee may claim any other credit  
102 against any tax under any other provision of the general statutes with  
103 respect to the same new employee.

104 (e) If the qualified small business is an S corporation or an entity

105 treated as a partnership for federal income tax purposes, the tax credit  
106 may be claimed by the shareholders or partners of the qualified small  
107 business. If the qualified small business is a single member limited  
108 liability company that is disregarded as an entity separate from its  
109 owner, the tax credit may be claimed by the limited liability company's  
110 owner. No credit allowed under this section shall exceed the amount of  
111 tax imposed by chapter 229 of the general statutes.

112 (f) The commissioner shall annually provide to the Commissioner of  
113 Revenue Services a list detailing all tax credits that have been  
114 approved and all qualified small businesses that have been issued a  
115 certification letter under subsection (d) of this section.

116 Sec. 502. Subdivision (2) of subsection (e) of section 12-217ii of the  
117 general statutes is repealed and the following is substituted in lieu  
118 thereof (*Effective from passage and applicable to income years commencing*  
119 *on or after January 1, 2010*):

120 (2) The total amount of credits granted to all taxpayers under this  
121 section and section 501 of this act shall not exceed ten million dollars in  
122 any one fiscal year."